State of Washington

Roadmap for Financial and Administrative Policies, Processes and Systems

Advisory Group Working Session

March 22, 2006

Today's agenda

	Agenda item	Presenter	Time
1	Welcome	Sadie Rodriguez-Hawkins	5 min
2	Project update, communications	Robin Madsen	5 min
3	BC Payment review process	Shyrl Kennedy, BC Ministry of Finance	45 min
4	Integration architecture: foundation concepts	Scott Came	15 min
5	Review draft modeling bold change ideas	Robin Madsen Susan Dodson	25 min
6	Brainstorm how to broaden *Roadmap* participation	Dan Contris	20 min
7	Next steps / process check	Robin Madsen	5 min

Appendices – Integration Architecture Strategy, decision-making principles and *Roadmap* business functions mapped to ERP solutions

Project Update, Communications

- Robin Madsen, Eclipse Solutions

Post-Payment Review
Office of the Comptroller General
Province of BC

Shyrl Kennedy, Director,
Payment Review Office and Corporate Operations
Office of the Comptroller General, Ministry of Finance

Integration architecture: Foundation concepts

- Scott Came, Enterprise Architect, DIS

Held as-is & could-be focus groups sessions for:

- Vendor information management

- Procurement management

- Contract management

- Accounts payable

Currently holding combined follow-up sessions:

- Create Procure-to-Pay vision for Washington State

- March 22 and March 30

80 business experts from 16 agencies (plus SAO)

Modeling recommendation "caveats"

Bold changes and recommendations are:

- Intended as a <u>starting point for discussion</u> rather than definitive solutions

Additional research and extensive stakeholder involvement will be required to:

- Establish the feasibility of each recommendation

- Recommend detailed policy revision language as necessary

- Support an executive level decision to move forward

Procure-to-pay modeling
Bold change ideas

1. **Institute procurement reform**

   – Propose a comprehensive consolidation, standardization, and streamlining of state procurement law based on the American Bar Association's Model Procurement Code

   Government procurement is often mired in laws, policies and processes that hinder or prevent success. Procurement reform is politically difficult, but it is worth it.   - Gartner, 2003

2. **Implement shared services**

   – For targeted business processes such as accounts payable and procurement of common goods and services

3. **Provide integrated systems and data**

4. Enhance vendor information management

    – Enable vendors to register to do business **in** <u>and</u> **with** Washington State through the One Stop Business Portal

    – Centralize management of vendor status / performance

5. Enable vendor self-service and e-commerce

    – Secure vendor/provider portal for receipt and submission of electronic documents and access to order and payment data (solicitations, responses, contracts, invoices, remittance data, etc.)

6. Authorize risk-based business processes

    – Require reasonable assurance commensurate with risk rather than explicit evidence of authorization

7. Expedite and facilitate routine purchases

    –   Shared catalog services for most readily available commercial items/services

8. Focus certified professionals on high-risk acquisitions

9. Optimize consumable inventories

10. Adopt the NIGP commodity / service code structure

Procure-to-pay modeling
Bold change ideas

11. Adopt enterprise purchasing card policy

- Provider certified by IRS to collect W9 data

- Purchase data includes NIGP commodity details

- Enterprise clearing process for efficient review, coding, and payment of credit card invoices, integrated to state systems

12. Schedule and disburse <u>all</u> payments through A/P to optimize cash management

- Transfer most local funds to Treasurer

- Continue to manage client payments through agency systems but disburse through A/P

13. Pay by most cost effective method (e.g. EFT)

- Turn these bold ideas into policy, process, system, and data recommendations and implementation strategies

- Identify the business value for change and metrics for measuring results achieved

- Draft the Procure-to-Pay Value Proposition

  – Available on-line for your review mid-April

  – Presented for your approval at April 26 meeting

Broadening *Roadmap* participation

Audience	What	How	When	Who
OFM budget				
Legislative staff				
Additional agencies				

How do we incorporate others into the Roadmap process?

March expectations

Tasks	Expectations	Assigned to	Due Date
Submit response to Grant Management Value Proposition	• 9 of 17 agencies have responded to date. • If you haven't done so already, please send your response to Michelle French at Michelle.French@ofm.wa.gov.	Advisory Group	ASAP
Review Procure-to Pay Value Proposition	• Come to April meeting ready to discuss recommendations.	Advisory Group	April 26
Complete vendor, procurement, & payables management modeling	• Participate in business process modeling Phase II • Check out the *Roadmap* Business Process Modeling website http://www.ofm.wa.gov/roadmap/modeling.htm	Jan-June Advisory Group	Ongoing Ongoing
Develop integration architecture strategy	• Continue developing the integration architecture strategy for the *Roadmap*	Enterprise Architecture Committee	1st Wednesday of each month
Communicate	• Continue sharing the *Roadmap* plan and vision with agency managers and staff	Advisory Group Working Team	Ongoing

Next meeting: **Wednesday, April 26, 1:30-3:30**

OFM Point Plaza West Training Room

Process Check

Suggestions for improvements

Roadmap Reference Slides:

- Integration architecture strategy
- Advisory Group decision making principles

Roadmap Integration Architecture Strategy

The integration architecture strategy will identify standards & guidelines that will allow the state to:

- Implement the *Roadmap* incrementally, with confidence that components will fit together

- Accommodate agency-unique extensions where needed

- Help agencies plan how to integrate their core systems with new *Roadmap* systems over time

The Integration Architecture Steering Committee, jointly sponsored by DIS and the *Roadmap*, is defining the enterprise integration architecture strategy.

Natural boundaries principle *Should be designed around natural boundaries (adopted by the ISB November 2004)*

- Rationale:
    - Achieving the ability to view state government as a single enterprise requires the ability to effectively integrate systems as needed. Systems with well defined, natural boundaries aid in integration.

- Implications:
    - In order to meet its mandate in a timely manner, the state will need to leverage and use all of its available resources including the existing environment.
    - Within the boundaries of an "Information System", tight coupling streamlines business processes.
    - Between "Information Systems", loose coupling allows open, plug and play approach.
    - Requires definitions of what is in and out of scope of statewide "Information Systems".
    - Requires enterprise-level business and data modeling.

Logical Sequence Principle Should sequence projects based on information needs

- Rationale:
    - Reduces risk of missing key functionality and rework
    - Captures the data needed for operations and performance management as part of the original transactions
- Implications:
    - May have to model lower-value business processes before potentially higher-value processes
- Examples:
    - HRMS would have included financial requirements earlier

Business Sponsorship Principle Should select projects with business sponsors for significant change

- Rationale:
  - Significant process change requires leadership and sponsorship at the highest levels
- Implications:
  - We should not proceed with new ideas if a committed business sponsor can't be identified
- Examples:
  - Identify business sponsor for using state credit cards for all travel expenses

Value Proposition Principle: Should have a measurable value proposition for change

- Rationale:

  Difficult to achieve change without a clear business return

- Implications:

  We should not promote policy, process, systems or information changes without a notable value for the enterprise

- Example:

  Prioritize process modeling work around valued projects such as TEMS, Enterprise Grants and Loans Management

Proposed *Roadmap* Business Processes Mapped to ERP Solutions

Based on Market Research as of 19 January 2006

Strat Plan & Budgtg	Decision Support	Risk Mgt	Project Mgt	Cost Acctg	Grant Mgt	Asset Mgt	Contract Mgt	Vendor Mgt	Procure-ment	Payables Acctg	GL Acctg & Fin Rpt	Cust Rel Mgt	Revenue Acctg	Treasury Mgt
• Forecast-ing • Strategic Planning & Budget Develop-ment • Strategic Planning & Budget Approval • Strategic Planning & Budget Imple-mentation • Perfor-mance & Budget Monitor-ing	• State-wide Manage-ment Reporting • Agency Manage-ment Reporting	• *State-wide Risk Manage-ment* • Agency Risk Manage-ment	• Project Accountin g • Capital Project Monitorin g and Over-sight • *Capital Project Manage-ment* • Non-Capital Project Manage-ment	• Define Cost Objective s • Develop Cost Allocation Plan • Allocate Costs	• Grant Accountin g • Grant Manage-ment	• Capital Asset Accountin g • Asset Lifecycle Manage-ment	• Develop Contracts • Negotiate Contracts • Monitor Contracts	• Vendor Registra-tion • Vendor Informa-tion Manage-ment	• Identify Require-ments • Manage Bids • Manage Procure-ment • Manage Consum-ables	• Goods & Services Payables • Non-Goods & Services Payables • Encum-brance Manage-ment	• Chart-of-Accounts Manage-ment • GL Accountin g • Account Reconcil-iation • Funds Adminis-tration • Financial Reporting	• Customer Identifica-tion • Customer Informa-tion Manage-ment • *Customer Outreach Manage-ment*	• *Taxes, Sales, Services Manage-ment* • Accounts Receivabl e • Cashier-ing Manage-ment • Revenue Distribu-tion • Refund-Credit Manage-ment	• Manage Local & Treasury Funds • *Invest-ment Manage-ment* • *Bond / Debt Manage-ment*

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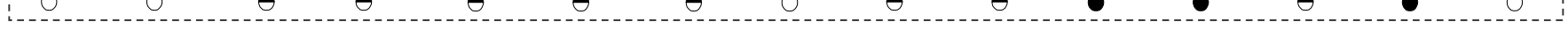
ERPS OVERALL: ○ ○ ◐ ◐ ◐ ◐ ◐ ○ ◐ ◐ ● ● ◐ ● ○

Legend: ○ Probably will not Support ◐ Partially Supports ● Supports Well

Out of Scope